



HOUSE COMMITTEE ON THE BUDGET
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IDEA FULL FUNDING: A MOVING TARGET

Summary

Congressional funding of State special education grants more than *tripled* over the past 6 years (see chart below). Yet even this wave of increases fell far short of the “full-funding” standard against which progress is usually measured in this area. The current \$7.5 billion funding level translates into 16.5-percent of the average per pupil expenditure – less than half the authorized maximum level of 40 percent. The 40-percent mark is a goal shared by the States, the administration, and the Congress – and is effectively endorsed in this year’s House-passed budget resolution (H.Con.Res. 353).

Full funding, however, is not a stationary target. The dollar amount is adjusted annually based on two variables: the cost of providing education, and the number of public schoolchildren in special education. Both are growing, and their growth, in effect, pushes back the full-funding goalpost. As recent experience shows, chasing this goal without at least addressing special education’s cost drivers

could prove both expensive and frustrating. Fortunately, with the Individuals with Disabilities Education Act [IDEA] scheduled for reauthorization this year, these variables are likely to receive close scrutiny.

Cost Drivers

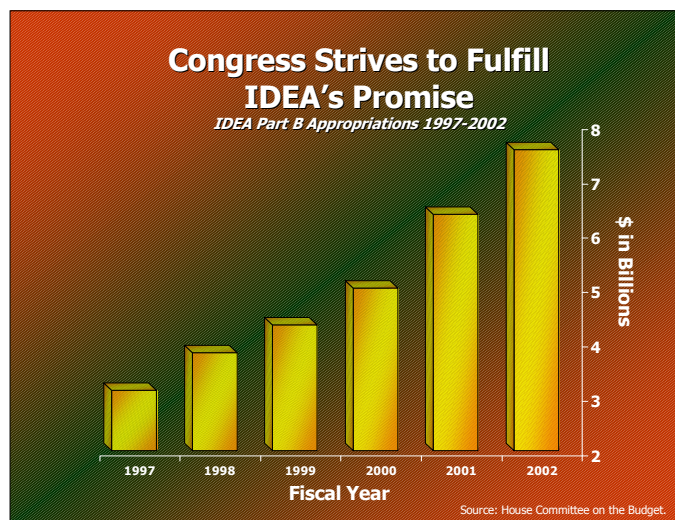
The quarter-century old promise of IDEA is that the Federal Government will finance 40 percent of the average *annual per pupil expenditure* [APPE] for each special education student. The APPE has risen at a rate roughly consistent with the general rate of inflation. But the number of students who are referred to special education has increased at a much faster rate.

The percent of students in special education rose from 8 percent in 1976-77 to 13 percent in 1997-98 (see chart on reverse side). Put another way, *in 1977, one child out of 12 in public school was in special education; today, the ratio is one in eight*. If the special education referral rate had not increased, the Federal IDEA share would be almost three-quarters fully funded today, instead of less than one-half.

The growth in special education referrals does not come from an increase in students with severe disabilities. Conditions such as deafness and blindness remain rare. What have grown increasingly common are referrals for mild learning disorders that are hard to define or to quantify.

Between 1976-77 and 1997-1998, the share of special education referrals categorized as *specific learning disorders* [SLDs] rose from 22 percent to 46 percent (see chart on reverse side). SLDs are difficulties in particular learning activities in the absence of any clear physical or emotional cause; hence the diagnosis is largely subjective.

Reading is the primary difficulty for 75-80 percent of SLD referrals, and experts estimate that effective reading instruction in the early grades could prevent as many as 1.5



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This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and therefore may not reflect the views of all the committee’s members.

million children from being unnecessarily steered into special education each year. This is part of the reason President Bush and Education Secretary Paige created a new Reading First program, which is intended to lift the level of early reading instruction using scientifically based instructional methods.

Evidence from several school districts supports the administration's view. One example is the Elk Grove Unified School District, a 50,000-student district in Sacramento County, CA in which 63 percent of the children are minorities. Elk Grove cut its referral rate in half – from 16 percent to 8 percent – chiefly by providing additional reading instruction to young children pre-identified for reading difficulties, according to recent testimony by Superintendent David Gordon before the House Committee on Education and the Workforce. At the same hearing, comparable results were reported from an experiment at another low-income school district in which a majority of students were minorities. G. Reid Lyon, Chief of the Child Development and Behavior Branch at the National Institute of Child Health and Human Development, said the latter findings indicate that only a few percent of students with reading difficulties have “actual, intractable LDs” [learning disabilities], while the majority of those referred to special education are “instructional casualties.”

Other factors increasing special education enrollment include the disproportionate referral rates for minority youths; the surge in referrals for Attention Deficit Disorder [ADD] and Attention Deficit Hyperactivity Disorder [ADHD] (which skyrocketed after a 1991 Department of Education decision to make ADD and ADHD children eligible to be served under IDEA); the disappointingly low exit rates from special education; and the incentives –

financial and otherwise – for schools to inappropriately steer students into special education.

Current Status

A total of about \$50 billion was spent on special education services during the 1999-2000 academic year. States and school districts paid the lion's share. Part was offset by the Federal Government, which funds State grants for special education under Part B of the IDEA.

The House-passed budget resolution adopted the President's proposed \$1-billion increase for IDEA, protecting the

increase in a reserve fund. The resolution also assumed 12-percent annual increases in IDEA spending in the outyears – a rate of increase sufficient to achieve full funding by 2012. Each annual increase after 2003 is contingent on IDEA's successful reauthorization, and the Budget Committee Chairman is empowered to recalibrate the funding ceiling in each of those years should programmatic reforms alter special education enrollment.

The upcoming reauthorization of IDEA has prompted a pair of evaluations, both of them

intended to determine necessary reforms in the underlying statute. The President's Commission on Excellence in Special Education is soon scheduled to report its findings concerning a range of issues, including the causes of the high referral rates described above. At the same time, the House Committee on Education and the Workforce continues to conduct its own IDEA hearings as it prepares to draft reauthorization language.

The conclusions on either end of Pennsylvania Avenue may eventually produce changes in the size and nature of the special education population, and the manner in which it is served. These changes could be as important to reaching the 40-percent funding goal as the annual levels of congressional appropriations.

